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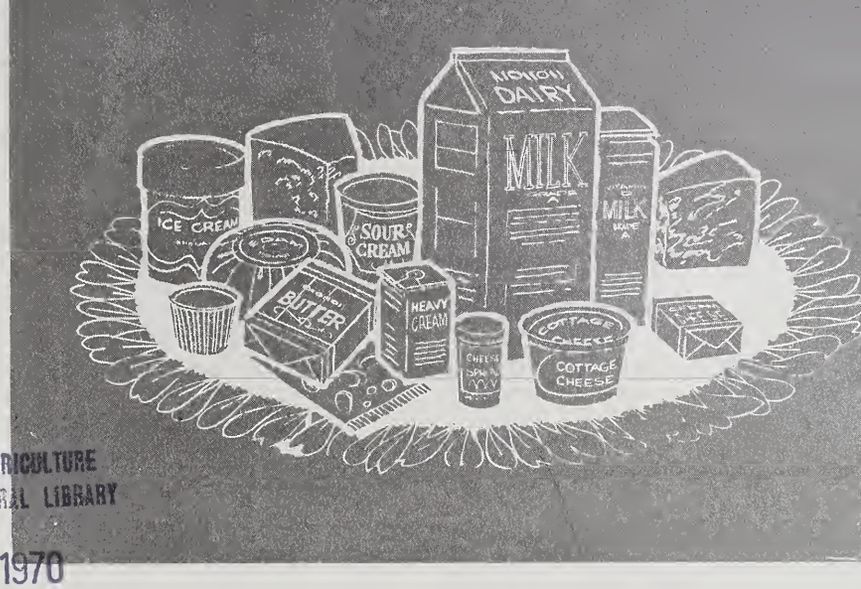

MARKET ADMINISTRATOR

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JUNE, 1968 Vol. 24 No. 6

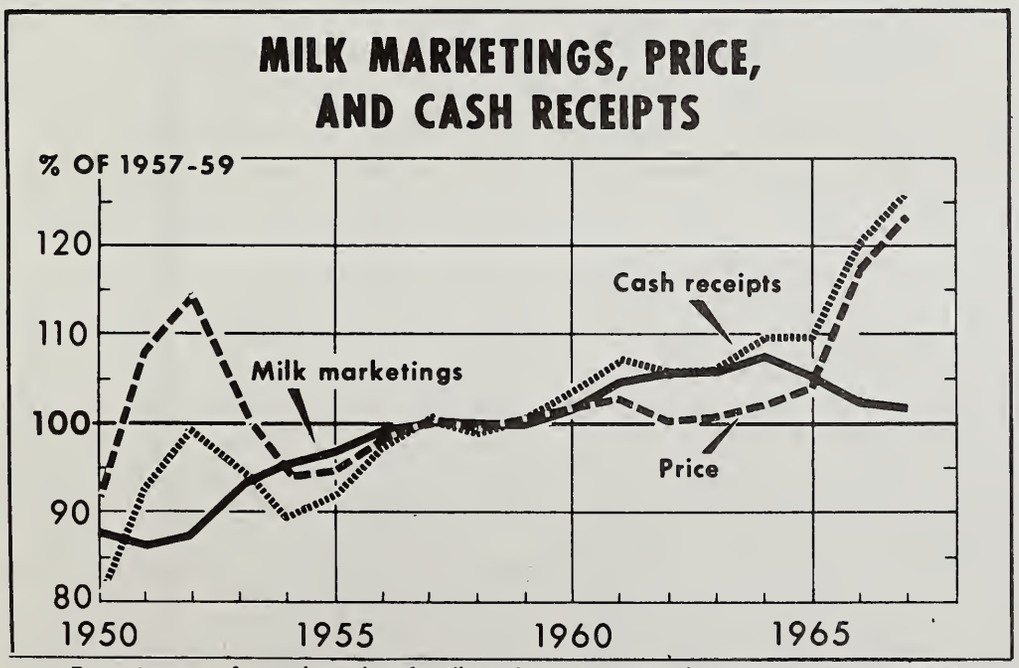
Milk Marketing Lower In 1967

The Dairy Situation, Economic Research Service USDA, May, 1968

Farmers marketed 114.1 billion pounds of milk and cream last year, only slightly below 1966. Marketings in 1968 may again be slightly under the previous year, because of lower expected milk production.

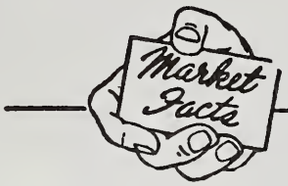
The continued downtrend in the use of milk on farms where it was produced offset half of last year's 0.6 billion pound decline in milk production. With fewer farms keeping milk cows, less home-produced milk is being consumed on farms. Fewer dairy calves raised and more extensive use of milk replacers causes less milk to be fed to calves. The downtrend in farm use is expected to continue for some time. However, it will have progressively less impact on total marketings than during the past 3 decades. Farm use has become a small part of production—4 percent in 1967 compared with about 25 % 3 decades ago.

The amount of whole milk sold to plants and dealers increased slightly in 1967, representing 96 percent of total milk marketed in all forms. Farm sales of milk and cream directly to consumers were up slightly last year. Farm-separated cream sales continued their downtrend, accounting for about 2 percent of milk marketed in 1967. Just 30 years earlier, about two-fifths of total marketings was farm-separated cream.



Farm income from the sale of milk and cream rose about 4 percent in 1967, to a record 5.8 billion. Average returns for milk and cream gained 5 percent in 1967, to offset a slight decline in marketings. A further 4-5 percent rise is likely in 1968, because dairy support levels and Class I prices in Federal Order markets have both been increased from last year. However, farm marketings of milk and cream are expected to change little.

Milk eligible for fluid use (commonly called Grade A) accounted for 69 percent of whole milk farmers sold to plants and dealers in 1967. Manufacturing grade milk represented the remaining 31 percent. Farmers' sales of manufacturing grade milk increased from 1950 to 1964, largely as a result of the shift from the sale of farm-separated cream to whole milk. However, from 1964 to 1967 manufacturing grade milk declined from about 36½ billion pounds to 34 billion pounds. This still was 18 percent more than in 1950. At the same time, Grade A milk sales rose to 76 billion pounds in 1967 from 45 billion in 1950, an increase of 67 percent. This gain was caused by an increase in the proportion of production that was marketed and the shift of farmers from Grade B to Grade A milk sales. Manufacturing grade milk represents over two-thirds of whole milk marketings in West No. Central States.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY	May 1968	April 1968	May 1967
Producers' Uniform Price (3.5%)	$5.05	$5.00	$4.86
Class I (3.5%)	5.78	5.60	5.60
Class II (3.5%)	4.11	4.11	3.91
Producer Butterfat Differential for each one-tenth percent	7.8¢	7.9¢	8.9¢
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	70.0	75.9	72.3
Percent of Producer Butterfat in Class I	64.0	68.4	67.3
Percent of Producer Milk in Class II	30.0	24.1	27.7
Percent of Producer Butterfat in Class II	36.0	31.6	32.7
PRODUCER MILK RECEIPTS			
Total Pounds Producer Milk Delivered	53,007,854	48,115,156	50,798,786
Average Daily Class I Producer Milk	1,205,409	1,227,291	1,204,313
Total Number of Producers	1,589	1,608	1,539
Average Daily Receipts per Producer	1,076	997	1,065
Average Butterfat Test	3.68	3.75	3.72
Total Value of Producer Milk at Test	$2,880,433	$2,613,368	$2,687,510.
Income per Producer (7 Day Average)	$409	$379	$394.
GROSS CLASS USE (Pounds)			
Class I Skim	35,869,958	35,304,249	35,472,608
Class I Butterfat	1,250,733	1,236,441	1,270,547
Class I Milk	37,120,691	36,540,690	36,743,155
Class II Skim	15,184,854	11,004,405	13,438,469
Class II Butterfat	702,309	570,061	617,162
Class II Milk	15,887,163	11,574,466	14,055,631
AVERAGE DAILY SALES (Quarts)			
Milk	399,008	408,171	410,941
Buttermilk	5,523	5,600	5,694
Chocolate	31,367	32,233	32,449
Skim	16,918	13,765	12,738
Cream	6,280	6,215	6,931

COMPARATIVE STATISTICS ★ **COLUMBUS MARKETING AREA** ★ MAY 1959—'6

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1959	32,669,711	3.68	69.6	7.4	3.0	20.0	3.58	4.289	3.839	3.507	2.887	1,767	596
1960	33,354,543	3.75	67.4	7.1	2.7	22.8	3.44	4.132	3.732	3.508	2.888	1,673	643
1961	33,290,673	3.73	69.1	7.2	2.9	20.8	3.61	4.239	3.839	3.763	3.143	1,240	866
1962	38,340,798	3.69	67.1	7.9	4.7	20.3	3.44	4.06	3.717	3.569	2.949	1,315	941
1963	43,626,535	3.68	66.8	7.2	4.0	22.0	3.45	4.09	3.705	3.603	2.983	1,378	1,021
1964	53,392,057	3.66	65.0	35.0	——	——	3.55	4.17	3.12	——	——	1,674	1,029
1965	51,476,010	3.60	68.5	31.5	——	——	3.81	4.48	3.17	——	——	1,669	995
1966	50,771,018	3.69	71.3	28.7	——	——	4.41	5.13	3.56	——	——	1,567	1,045
1967	50,798,786	3.72	72.3	27.7	——	——	4.86	5.60	3.91	——	——	1,539	1,065
1968	53,007,854	3.68	70.0	30.0	——	——	5.05	5.78	4.11	——	——	1,589	1,076

CCC Removals Below Year Earlier

The Dairy Situation, Economic Research Service USDA, May, 1968

During January - March 1968, USDA removed butter and cheese equivalent to 1.8 billion pounds of milk from the market through the dairy price support program. It also bought (delivery basis) 134 million pounds of nonfat dry milk. These removals were below the 2.2 billion pounds milk equivalent and 188 million pounds of non-fat dry milk for the same period of 1967. In 1961-65, first quarter average purchases were 2.8 billion pounds milk equivalent. Lower removals this year resulted from less milk production and decreased dairy imports.

During April-June, when production reaches peak seasonal levels, USDA removals also are usually highest. This year, CCC purchases during the second quarter likely will be under the 3.0 billion pounds milk equivalent of a year earlier.

Net removals in the marketing year ending March 31, 1968, were equivalent to 7.0 billion pounds of milk (about 6 percent of marketings). This is up sharply from a year earlier. Despite lower milk production and dairy imports, larger carryover stocks and smaller commercial consumption of dairy products significantly increased the excess supply of milk. Removals during the 1968-69 marketing year are expected to be less than in 1967-68, but may continue to be substantial.

Commitments of butter, cheese, and nonfat dry milk to program uses increased from a year earlier, reflecting larger purchases of dairy products under the prices support program. Most of the butter and cheese was donated domestically to school lunch, institutional, and welfare programs. CCC donations of dairy products to the military were resumed in early 1968. Most of the nonfat dry milk moved into domestic and foreign donation programs, although donations were less than a year earlier. Sales of CCC dairy products were very small last marketing year.

USDA offers nonfat dry milk for sale at negotiated prices to other governments and to recognized charitable agencies for restricted overseas use, such as in school lunch programs. On February 1, under this program, 48.5 million pounds of CCC nonfat dry milk were sold at 8.62 cents per pound to Mexico for use in social welfare programs.

Exports Down from 1966 Low Levels

The Dairy Situation, Economic Research Service USDA, May, 1968

January-March dairy product exports totaled 70 million pounds milk equivalent (fat solids basis), about two-thirds the 1967 level for these months. Most of the decline occured in butter, evaporated milk, and dry whole milk exports. Condensed milk exports were up from 2.0 million pounds last year to 5.2 million this year. Exports of nonfat dry milk (not used in calculating milk equivalent) fell to 73 million pounds from 116 million in January-March 1967.

Exports of butter have been authorized under P.L. 480 programs, and some butter may be moved this year. Nonfat dry milk exports for 1968 may rise somewhat from the 409 million pounds in 1967, since larger supplies are in prospect for export than last year. CCC reinstated an export sales program, enabling commercial firms to acquire CCC nonfat dry milk at reduced prices for export when it is used in U.S. owned plants processing dairy products overseas. Several sales have been made under this program. USDA has approved the sale of about 35 million pounds to Mexico at concessional prices for use in school lunch and welfare programs. Large world supplies of dairy products indicate little likelihood of any substantial increases in commercial export sales this year.

In 1967, total exports of most dairy products, except nonfat dry milk, were below a year earlier. Movement through most programs and export sales for dollars both were down.

THE
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Room 505
79 East State Street
COLUMBUS, OHIO 43215

Imports Lower for First Quarter of 1968

The Dairy Situation, Economic Research Service USDA, May, 1968

January-March imports of dairy products totaled 0.3 billion pounds milk equivalent, down from 1.0 billion a year earlier. For the quarter, imports of Colby cheese and butterfat mixtures were only 3 percent and 0.5 percent, respectively, of year-earlier levels. Imports of most other types of cheese were up in response to substantial world supplies and the relatively attractive U.S. market. January-March canned milk imports were 68 percent of year earlier. However, March imports were up 4 percent. Lower sweetened condensed milk imports were offset by substantial rises in evaporated milk imports. Acting on a Department of Justice ruling, FDA recently ruled that imported milk products in hermetically sealed containers that were heat-processed to prevent spoilage were not subject to provisions of the Federal Import Milk Act. This law sets sanitary standards for fluid milk and cream products equivalent to those laid down by the Public Health Service.

Casein imports for January-March were down about 14 percent from a year earlier.

Pressure for additional entry of non-quota foreign dairy products and products containing milk into the U.S. market continues due to heavy dairy supplies in exporting nations.

Market Quotations

	MAY 1968
MINNESOTA-WISCONSIN PRICE SERIES	$4.19
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	4.17
Average Price per lb. 92-score butter at Chicago	.6644
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants.	.2262

Feeding of Concentrates to Dairy Cattle Continues Long Term Upward Movement

The Feed Situation, Economic Research Service, USDA, May, 1968

Over the years, grains and other concentrate-type feeds are being fed to fewer milk cows at an increasing rate per cow and per unit of milk produced. These trends continued in 1967. The number of dairy cows on farms January 1 declined to 14.7 million head, 3 percent under 1967 and 20 percent less than the 1961-65 average. In 1967 concentrates fed per cow were up 5 percent from 1966 and 26 percent above average. The quantity fed per cwt. of milk produced was slightly above 1966 and 9 percent above average.

Corn has made up 37 to 38 percent of the total concentrate ration fed to milk cows in recent years. Oats declined to 13 percent in 1967; in the mid-1950's oats were 23 percent of the dairy cow ration. Feeding of other concentrates (barley, wheat, cottonseed, and soybean meal) was relatively small and little changed as a percent of the dairy cow ration.

In 1967, dairymen continued the trend of feeding more commercially prepared feeds to their cows. Feeding of purchased feeds and use of homegrown feeds, as a percentage of the dairy ration, vary considerably by Regions. In the grain-surplus Midwest, about two-thirds of the dairy ration is made up from home-grown concentrates. The leading States using home-grown concentrates are North Dakota and Iowa, where dairymen use 80 percent or more home-grown feeds in their milk cow concentrate ration.

In sharp contrast to the North Central States, dairymen in the Western Region purchase more than 90 percent of their concentrate-type feeds. In California, Oregon, Washington, and New Mexico about 95 to 99 percent of dairy concentrate ration is purchased.

In the North Atlantic, South Atlantic, and South Central Regions, dairymen generally purchase about 80 % of their concentrate feeds.